



General Assembly

February Session, 2016

***Raised Bill No. 358***

LCO No. 2167



Referred to Committee on PUBLIC SAFETY AND SECURITY

Introduced by:  
(PS)

***AN ACT CONCERNING THE PURCHASE OF LOTTERY TICKETS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 12-801 of the 2016 supplement to the general  
2 statutes is repealed and the following is substituted in lieu thereof  
3 (*Effective October 1, 2016*):

4 As used in section 12-563a and sections 12-800 to 12-818, inclusive,  
5 as amended by this act, the following terms shall have the following  
6 meanings unless the context clearly indicates another meaning:

7 (1) "Board" or "board of directors" means the board of directors of  
8 the corporation;

9 (2) "Corporation" means the Connecticut Lottery Corporation as  
10 created under section 12-802;

11 (3) "Division" means the former Division of Special Revenue in the  
12 Department of Revenue Services;

13 (4) "Lottery" means (A) the Connecticut state lottery conducted prior  
14 to the transfer authorized under section 12-808 by the Division of  
15 Special Revenue, (B) after such transfer, the Connecticut state lottery  
16 conducted by the corporation pursuant to sections 12-563a and 12-800  
17 to 12-818, inclusive, (C) the state lottery referred to in subsection (a) of  
18 section 53-278g, and (D) keno conducted by the corporation pursuant  
19 to section 12-806c;

20 (5) "Keno" means a lottery game in which a subset of numbers are  
21 drawn from a larger field of numbers by a central computer system  
22 using an approved random number generator, wheel system device or  
23 other drawing device. "Keno" does not include a game operated on a  
24 video facsimile machine;

25 (6) "Lottery fund" means a fund or funds established by, and under  
26 the management and control of, the corporation, into which all lottery  
27 revenues of the corporation are deposited, from which all payments  
28 and expenses of the corporation are paid and from which transfers to  
29 the General Fund are made pursuant to section 12-812; [and]

30 (7) "Lottery management service" means a service that includes  
31 purchasing a lottery ticket on behalf of another person from a licensed  
32 lottery sales agent, and redeeming and distributing any winning  
33 lottery ticket to such person or group of persons;

34 (8) "Lottery management service company" means a person or  
35 business organization, as those terms are defined in section 12-815a, as  
36 amended by this act, that provides lottery management services to a  
37 person by means of an Internet web site or software application  
38 service; and

39 ~~[(7)]~~ (9) "Operating revenue" means total revenue received from  
40 lottery sales less all cancelled sales and amounts paid as prizes but  
41 before payment or provision for payment of any other expenses.

42 Sec. 2. Section 12-568a of the general statutes is repealed and the

43 following is substituted in lieu thereof (*Effective October 1, 2016*):

44 The Department of Consumer Protection shall adopt regulations, in  
45 accordance with chapter 54, for the purpose of assuring the integrity of  
46 the state lottery, concerning the regulation of the state lottery under  
47 the operation and management of the Connecticut Lottery  
48 Corporation. Such regulations shall include: (1) The licensing of  
49 employees of the Connecticut Lottery Corporation and any person or  
50 business organization awarded the primary contract by said  
51 corporation to provide facilities, components, goods or services which  
52 are necessary for the operation of the activities authorized by chapter  
53 229a; (2) the approval of procedures of the corporation; (3) the time  
54 period for complying with the regulations governing said approval of  
55 procedures; (4) offerings of lottery games; (5) minimum prize payouts  
56 and payments; (6) regulation of lottery sales agents and lottery  
57 management service companies including qualifications for licensure  
58 and license suspension and revocation; (7) assurance of the integrity of  
59 the state lottery including the computer gaming system, computer  
60 internal control and system testing; and (8) limitations on advertising  
61 and marketing content to assure public information as to the odds of  
62 winning the lottery and the prohibition of sales of tickets to minors.

63 Sec. 3. Section 12-813 of the general statutes is repealed and the  
64 following is substituted in lieu thereof (*Effective October 1, 2016*):

65 (a) The corporation may sell lottery tickets at any location in the  
66 state determined by the president which, in the opinion of the  
67 president, will best enhance lottery revenues, except that no license  
68 shall be issued by the Department of Consumer Protection to any  
69 person to engage in business exclusively as a lottery sales agent.  
70 Subject to the provisions of subdivision (15) of subsection (b) of section  
71 12-806, the president may authorize compensation to such agents in  
72 such manner and amounts and subject to such limitations as [he] the  
73 president may determine if he or she finds such compensation is  
74 necessary to assure adequate availability of lottery tickets, provided, if

75 such agent is a lessee of state property and his or her rental fee is based  
76 upon the gross receipts of his or her business conducted thereon, all  
77 receipts from the sale of such lottery tickets shall be excluded from  
78 such gross receipts for rental purposes. The president may suspend for  
79 cause any licensed agent, subject to a final determination through a  
80 hearing provided by the Department of Consumer Protection.

81 (b) All moneys received by lottery sales agents from the sale of  
82 lottery tickets constitute property of the corporation while in such  
83 agent's possession and shall be held in trust for the corporation by  
84 such agents. The president shall require lottery sales agents to deposit,  
85 in a special or suspense account in the name of the corporation to the  
86 credit of the corporation, which the president shall establish, in  
87 institutions which are legal for the deposit of state funds under section  
88 4-33, all moneys received by such agents from the sale of lottery  
89 tickets, less the amount of compensation authorized under subsection  
90 (a) of this section and less the amounts paid out as prizes and, if  
91 requested by the president, to conform with the corporation their  
92 recorded receipts and transactions in the sale of lottery tickets, in such  
93 form and with such information as the president may require. Lottery  
94 sales agents shall not commingle lottery sales funds with other funds.

95 (c) The president may require lottery sales agents to provide surety  
96 bonds, letters of credit or such other form of security as the president  
97 deems acceptable to ensure the performance of such agents' duties and  
98 obligations to the corporation.

99 (d) No ticket shall be sold at a price greater than that fixed by the  
100 president, subject to the direction of the board and no sale shall be  
101 made other than by a licensed lottery sales agent or his or her  
102 designated employee, or by such other lawful means. No person shall  
103 sell a lottery ticket to a minor and no minor shall purchase a lottery  
104 ticket. Any person who violates the provisions of this subsection shall  
105 be guilty of a class A misdemeanor. A minor may receive a lottery  
106 ticket as a gift.

107     (e) A lottery sales agent may enter into an agreement with a lottery  
108     management service company, provided (1) such lottery management  
109     service company (A) does not charge a service fee to or permit the use  
110     of a credit card by a person using such company's lottery management  
111     services to purchase a lottery ticket, (B) implements procedures on  
112     such company's Internet web site or software application service to  
113     verify that such company's lottery management services are only  
114     available to a person who is eighteen years of age or older and located  
115     in the state, and (C) allows a person using such company's lottery  
116     management services to view the purchased lottery ticket before the  
117     corporation determines a winning lottery ticket, and (2) such  
118     agreement specifies the terms of payment by the lottery sales agent  
119     and the duration of such agreement.

120     Sec. 4. Section 12-815a of the general statutes is repealed and the  
121     following is substituted in lieu thereof (*Effective October 1, 2016*):

122     (a) The Commissioner of Consumer Protection shall issue vendor,  
123     affiliate, [and] occupational and lottery management service licenses in  
124     accordance with the provisions of this section.

125     (b) No person or business organization awarded a primary contract  
126     by the Connecticut Lottery Corporation to provide facilities,  
127     components, goods or services that are necessary for and directly  
128     related to the secure operation of the activities of said corporation shall  
129     do so unless such person or business organization is issued a vendor  
130     license by the Commissioner of Consumer Protection. For the purposes  
131     of this subsection, "primary contract" means a contract to provide  
132     facilities, components, goods or services to said corporation by a  
133     person or business organization (1) that provides any lottery game or  
134     any online wagering system related facilities, components, goods or  
135     services and that receives or, in the exercise of reasonable business  
136     judgment, can be expected to receive more than seventy-five thousand  
137     dollars or twenty-five per cent of its gross annual sales from said  
138     corporation, or (2) that has access to the facilities of said corporation

139 and provides services in such facilities without supervision by said  
140 corporation. Each applicant for a vendor license shall pay a  
141 nonrefundable application fee of two hundred fifty dollars.

142 (c) No person or business organization, other than a shareholder in  
143 a publicly traded corporation, may be a subcontractor for the provision  
144 of facilities, components, goods or services that are necessary for and  
145 directly related to the secure operation of the activities of the  
146 Connecticut Lottery Corporation, or may exercise control in or over a  
147 vendor licensee unless such person or business organization is licensed  
148 as an affiliate licensee by the commissioner. Each applicant for an  
149 affiliate license shall pay a nonrefundable application fee of two  
150 hundred fifty dollars.

151 (d) (1) Each employee of a vendor or affiliate licensee who has  
152 access to the facilities of the Connecticut Lottery Corporation and  
153 provides services in such facilities without supervision by said  
154 corporation or performs duties directly related to the activities of said  
155 corporation shall obtain an occupational license.

156 (2) Each officer, director, partner, trustee or owner of a business  
157 organization licensed as a vendor, [or] affiliate or lottery management  
158 service licensee and any shareholder, executive, agent or other person  
159 connected with any vendor, [or] affiliate or lottery management service  
160 licensee who, in the judgment of the commissioner, will exercise  
161 control in or over any such licensee shall obtain an occupational  
162 license.

163 (3) Each employee of the Connecticut Lottery Corporation shall  
164 obtain an occupational license.

165 (4) Each employee of a lottery management service licensee who  
166 provides lottery management services in the state shall obtain an  
167 occupational license.

168 (e) The commissioner shall issue occupational licenses in the

169 following classes: (1) Class I for persons specified in subdivision (1) of  
170 subsection (d) of this section; (2) Class II for persons specified in  
171 subdivision (2) of subsection (d) of this section; (3) Class III for persons  
172 specified in subdivision (3) of subsection (d) of this section who, in the  
173 judgment of the commissioner, will not exercise authority over or  
174 direct the management and policies of the Connecticut Lottery  
175 Corporation; [and] (4) Class IV for persons specified in subdivision (3)  
176 of subsection (d) of this section who, in the judgment of the  
177 commissioner, will exercise authority over or direct the management  
178 and policies of the Connecticut Lottery Corporation; and (5) Class V  
179 for persons specified in subdivision (4) of subsection (d) of this section.  
180 Each applicant for a Class I, [or] III or V occupational license shall pay  
181 a nonrefundable application fee of twenty dollars. Each applicant for a  
182 Class II or IV occupational license shall pay a nonrefundable  
183 application fee of one hundred dollars. The nonrefundable application  
184 fee shall accompany the application for each such occupational license.

185 (f) No person or business organization may provide lottery  
186 management services unless such person or business organization is  
187 issued a lottery management service license by the Commissioner of  
188 Consumer Protection.

189 ~~[(f)]~~ (g) In determining whether to grant a vendor, affiliate, [or]  
190 occupational or lottery management service license to any such person  
191 or business organization, the commissioner may require an applicant  
192 to provide information as to such applicant's: (1) Financial standing  
193 and credit; (2) moral character; (3) criminal record, if any; (4) previous  
194 employment; (5) corporate, partnership or association affiliations; (6)  
195 ownership of personal assets; and (7) such other information as the  
196 commissioner deems pertinent to the issuance of such license,  
197 provided the submission of such other information will assure the  
198 integrity of the state lottery. The commissioner shall require each  
199 applicant for a vendor, affiliate, [or] occupational or lottery  
200 management service license to submit to state and national criminal  
201 history records checks and may require each such applicant to submit

202 to an international criminal history records check before such license is  
203 issued. The state and national criminal history records checks required  
204 pursuant to this subsection shall be conducted in accordance with  
205 section 29-17a. The commissioner shall issue a vendor, affiliate, [or]  
206 occupational or lottery management service license, as the case may be,  
207 to each applicant who satisfies the requirements of this subsection and  
208 who is deemed qualified by the commissioner. The commissioner may  
209 reject for good cause an application for a vendor, affiliate, [or]  
210 occupational or lottery management service license.

211 [(g)] (h) Each vendor, affiliate, lottery management service or Class  
212 I, [or] II or V occupational license shall be effective for not more than  
213 one year from the date of issuance. Each Class III or IV occupational  
214 license shall remain in effect throughout the term of employment of  
215 any such employee holding such a license. The commissioner may  
216 require each employee issued a Class IV occupational license to submit  
217 information as to such employee's financial standing and credit  
218 annually. Initial application for and renewal of any such license shall  
219 be in such form and manner as the commissioner shall prescribe.

220 [(h)] (i) (1) The commissioner may suspend or revoke for good cause  
221 a vendor, affiliate, [or] occupational or lottery management service  
222 license after a hearing held before the commissioner in accordance  
223 with chapter 54. The commissioner may order summary suspension of  
224 any such license in accordance with subsection (c) of section 4-182.

225 (2) Any such applicant aggrieved by the action of the commissioner  
226 concerning an application for a license, or any person or business  
227 organization whose license is suspended or revoked, may appeal  
228 pursuant to section 4-183.

229 (3) The commissioner may impose a civil penalty on any licensee for  
230 a violation of any provision of this chapter or any regulation adopted  
231 under section 12-568a, as amended by this act, in an amount not to  
232 exceed two thousand five hundred dollars after a hearing held in

233 accordance with chapter 54.

234 [(i)] (j) The commissioner may require that the books and records of  
 235 any vendor, [or] affiliate or lottery management service licensee be  
 236 maintained in any manner which the commissioner may deem best,  
 237 and that any financial or other statements based on such books and  
 238 records be prepared in accordance with generally accepted accounting  
 239 principles in such form as the commissioner shall prescribe. The  
 240 commissioner or a designee may visit, investigate and place expert  
 241 accountants and such other persons as deemed necessary in the offices  
 242 or places of business of any such licensee for the purpose of satisfying  
 243 himself or herself that such licensee is in compliance with the  
 244 regulations of the department.

245 [(j)] (k) For the purposes of this section, (1) "business organization"  
 246 means a partnership, incorporated or unincorporated association, firm,  
 247 corporation, trust or other form of business or legal entity; (2) "control"  
 248 means the power to exercise authority over or direct the management  
 249 and policies of a licensee; and (4) "person" means any individual.

250 [(k)] (l) The Commissioner of Consumer Protection may adopt such  
 251 regulations, in accordance with chapter 54, as are necessary to  
 252 implement the provisions of this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2016</i>	12-801
Sec. 2	<i>October 1, 2016</i>	12-568a
Sec. 3	<i>October 1, 2016</i>	12-813
Sec. 4	<i>October 1, 2016</i>	12-815a

**Statement of Purpose:**

To allow a licensed lottery management service company to purchase a lottery ticket on behalf of another person by means of an Internet web site or software application service.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*